

Message Text

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C O N F I D E N T I A L SECTION 1 OF 2 USNATO 2791

E.O. 11652: GDS

TAGS: MARR, NATO

SUBJ: DPC MINISTERIAL AGENDA ITEM IX, INFRASTRUCTURE PROGRAM

1975-79-- TURKISH POSITION ON SPECIAL PROGRAM

REFS: A. USNATO 2749

B. USNATO 2647

C. DPC/D(75)13

D. DPC/D(74)27

E. STATE 115115

SUMMARY: MISSION IS CONCERNED THAT INFRASTRUCTURE PROGRAM FOR PERIOD 1975-79 MAY BE SERIOUSLY JEOPARDIZED BY TURKISH REFUSAL TO CONTRIBUTE TO US SPECIAL PROGRAM. TURKS DID NOT BUDGE IN DPC 15 MAY 75 AND OTHER ALLIES VIEW REVISION OF COST-SHARES AS POLITICALLY DIFFICULT OR EVEN IMPOSSIBLE. MISSION BELIEVES FAILURE OF ALLIANCE TO OVERCOME THIS OBSTACLE AMOUNTING TO 1/10TH OF ONE PERCENT OF TOTAL 5-YEAR INFRASTRUCTURE PROGRAM COULD CAST SERIOUS DOUBTS ON ABILITY OF ALLIES TO AGREE ON LARGER ISSUES OF COOPERATIVE PROGRAMS. ANALYSIS OF POSSIBLE SOLUTIONS INDICATES CONFIDENTIAL

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THAT US MIGHT CONSIDER TEMPORARILY PICKING UP TURK SHORTFALL WITH OFFSETTING INCREASE IN US SPECIAL PROGRAM, RESULTING IN SLIGHT CHANGE IN US CONTRIBUTION TO TOTAL PROGRAM BUT NO CHANGE IN "EFFECTIVE" US SHARE. FAILING THIS, OR TURK TURN-

AROUND, MISSION RECOMMENDS SECDEF TAKE LOW-KEY APPROACH TO MINISTERIAL DISCUSSION WHICH WOULD LEAVE WAY OPEN FOR POSSIBLE LATER RESOLUTION BY DPC IN PERMANENT SESSION. END SUMMARY.

1. REPORTS TO THE MINISTERS ON THE SUBJECTS OF MINISTERIAL GUIDANCE, AD-70, AND RATIONALIZATION ALL INDICATE THE NEED FOR NATO TO DEVOTE MORE OF ITS ATTENTION AND ASSETS TO SUPPORT PROGRAMS TO ENHANCE THE CREDIBILITY OF NATO FORCES AND TO FOCUS ON COOPERATIVE PROGRAMS WHICH PROMISE MAXIMUM BENEFITS. AT THE SAME MEETING MINISTERS WILL BE TOLD THAT SIX MONTHS OF EFFORTS HAVE FAILED TO CONFIRM THE DEC 1974 TENTATIVE DECISION BY MINISTERS ON A COST SHARING AGREEMENT FOR THE 1975-79 INFRA-STRUCTURE PROGRAM. THUS NATO'S MOST SUCCESSFUL CO-

OPERATIVE PROGRAM WILL BE SERIOUSLY DELAYED AND PERHAPS JEOPARDIZED BECAUSE THE ALLIANCE CANNOT FIND A SOLUTION FOR A PROBLEM INVOLVING ONE-TENTH OF ONE PERCENT OF THE COST OF THE PROGRAM. SUCH A SITUATION BODES ILL FOR FUTURE COOPERATION.

2. AS OUTLINED IN REFS A AND B, NATO HAS NOT SUCCEEDED (AT INFRA-STRUCTURE COMMITTEE OR PERM REP LEVELS) IN PERSUADING TURKEY TO REVERSE HER POSITION TO CONTRIBUTE TO THE US SPECIAL PROGRAM, NOR IN FINDING A METHOD BY WHICH ANOTHER COUNTRY OR GROUP OF COUNTRIES COULD MAKE UP THE SHORTFALL OF IAU 382,280(\$1,292,106). THE DPC WILL REPORT THIS FAILURE (REF C) TO THE MINISTERS AND REQUEST GUIDANCE. IN MINISTERS MAINTAIN NATIONAL POSITIONS ENUNCIATED TO DATE BY DELEGATIONS, THE PROBLEM, READILY RESOLVED FROM TECHNICAL AND FINANCIAL STANDPOINTS, WILL FAIL OF RESOLUTION BY LACK OF WILL TO ATTACK A DELICATE POLITICAL PROBLEM.

3. FOR READY REFERENCE THE HISTORY OF THIS NEGOTIATION IS SUMMARIZED HERE. IN RESPONSE TO MINISTERIAL GUIDANCE TO PROPOSE A METHOD BY WHICH THE US SHARE OF THE 1975-79 INFRASTRUCTURE PROGRAM COULD BE MAINTAINED AT NO MORE THAN THE EFFECTIVE 20PERCENT SHARE PERTAINING IN THE PREVIOUS PERIOD, THE INFRASTRUCTURE COMMITTEE SUGGESTED SEVERAL SOLUTIONS TO THE MINISTERS IN THE SPRING MEETING OF 1974. SIMPLE REDUCTION OF THE OFFICIAL
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US SHARE TO 20PERCENT WITH CORRESPONDING PRO-RATA INCREASES OF OTHER NATIONS' SHARES PROVED IMPOSSIBLE BECAUSE OF THE FRG POSITION (SUPPORTED BY SEVERAL OTHERS) THAT THE FRG SHOULD NOT CONTRIBUTE MORE THAN THE U.S. THE COMMITTEE PROPOSED TO RESOLVE THIS PROBLEM BY REDUCING THE US OFFICIAL SHARE TO ABOUT 27PERCENT (SLIGHTLY HIGHER THAN THAT OF THE FRG) AND TO OFFSET THE AMOUNT ABOVE 20PERCENT BY A SPECIAL PROGRAM WHICH WOULD RETURN ABOUT 7 PERCENT OF THE INFRASTRUCTURE FUNDS TO THE US IN SUPPORT OF US TROOPS STATIONED IN EUROPE. MINISTERS HAD GENERALLY ACCEPTED THE POSSIBILITY OF THIS SOLUTION AND DIRECTED THE COMMITTEE TO WORK OUT DETAILS. THE UK WARNED, HOWEVER, THAT HER PERCENTAGE COULD NOT BE INCREASED BEYOND THAT OF THE PREVIOUS PERIOD. DURING FURTHER NEGOTIATIONS A METHOD WAS FOUND TO ABSORB THE UK SHORTFALL

BY INCREASING BOTH THE US CONTRIBUTION AND THE OFFSETTING SPECIAL PROGRAM BY A CORRESPONDING AMOUNT. THE TURKS, HOWEVER, ANNOUNCED TO THE INFRASTRUCTURE COMMITTEE IN NOV 1974 THAT THEY COULD NOT PARTICIPATE IN THE FUNDING OF THE SPECIAL PROGRAM IN SUPPORT OF US FORCES. THEY COULD MAINTAIN THEIR SLIGHT INCREASE (1.26 TO 1.3219PERCENT) TO AID IN THE MODEST REDUCTION IN THE OFFICIAL US SHARE BUT ONLY AS IT PERTAINED TO THE NORMAL PROGRAM. THIS POSITION WAS CONFIRMED AT THE DEC 1974 DPC MINISTERIAL. AS EXPLAINED IN REFS A & B, EFFORTS TO RESOLVE THE IMPASSE HAVE BEEN COMPLETELY UNSUCCESSFUL.

4. SINCE NOVEMBER, TURKS HAVE MAINTAINED CONSISTENT POSITION THAT IT WOULD BE INTERNALLY POLITICALLY INFEASIBLE FOR TURKEY TO CONTRIBUTE TO PROGRAM TO PROVIDE INELIGIBLE INFRASTRUCTURE FACILITIES FOR THE SOLE BENEFIT OF US FORCES. THEY CONTEND WITH SOME JUSTIFICATION THAT THEIR CASE IS SIMILAR TO THAT OF THE UK WHICH WAS RESOLVED WITH MORE DISPATCH. MOST NATIONS HAVE TAKEN HARD LINE IN REFUSING TO INCREASE CONTRIBUTIONS AND HAVE POINTED OUT THAT TURKEY, WITH A BENEFIT/COST RATIO OF TEN TO ONE, WOULD BE THE BIG LOSER IF HER POSITION LED TO CANCELLATION OF THE PROGRAM. UK AND CANADIAN POSITIONS WERE PERHAPS INFLUENCED BY DESIRE FOR DELAY IN PROGRAM TO PREVENT PRESSURE FOR INCREASING THE CEILING. BELGIUM HAS CAST BLAME ON THE US BY NOTING THAT PROBLEM ORIGINATED FROM US "INTRANSIGENCE" IN SEEKING MAJOR "REDUCTION" IN HER SHARE WITHOUT LEAVING ROOM FOR NEGOTIATIONS. US REPS HAVE CONSISTENTLY POINTED OUT THAT TENTATIVE DECISION BY MINISTERS HAD BEEN CLEARED IN CONGRESS AND THAT ANY MODIFICATION WHICH REQUIRED RESUBMITTAL

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TO CONGRESS WOULD BE HAZARDOUS NOT ONLY FOR THE INFRASTRUCTURE PROGRAM BUT ALSO FOR ADMINISTRATION EFFORTS TO SUSPEND THE AID EMBARGO.

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C O N F I D E N T I A L SECTION 2 OF 2 USNATO 2791

5. MISSION NEVERTHELESS BELIEVES THAT THE US SHOULD GO AS FAR AS POSSIBLE TO RESOLVE THIS PROBLEM IN NATO'S MOST VISIBLE COOPERATIVE PROGRAM, PARTICULARLY SINCE REOPENING OF AGREEMENT COULD RESULT IN A MUCH LESS FAVORABLE US CONTRIBUTION PERCENTAGE. FOLLOWING ARE SOME POSSIBLE SOLUTIONS AND MISSION COMMENTS THEREON:

- A. SIMPLEST SOLUTION WOULD BE CONSIDERATION OF CONTRIBUTIONS TO ENTIRE IAU 400 MILLION PACKAGE AS LUMP SUMS (WITHOUT PERCENTAGE CALCULATION) AS WAS DONE FOR NEW SHARES IN SLICES XVI-XX TO RESOLVE SIMILAR PROBLEM. TURKS HAVE REFUSED THIS SOLUTION ON BASIS THAT IT WOULD IMPLY GLOSS OVER FACT THAT THEIR CONTRIBUTION TO THE NORMAL PROGRAM (GIVEN THEIR REFUSAL TO CONTRIBUTE TO THE SPECIAL PROGRAM) WOULD RISE FROM 1.3219PERCENT TO 1.4235PERCENT.
 - B. DISTRIBUTION OF THE TURKISH SHORTFALL TO OTHER NATIONS (EXCEPT US, UK, AND CANADA). THIS WOULD REQUIRE REVERSAL OF PERCENT POSITIONS OF NINE NATIONS INVOLVED.
 - C. APPROVE COST SHARING AS PREVIOUSLY AGREED-LESS TURKISH SHARE OF SPECIAL PROGRAM- REDUCTING TOTAL PROGRAM TO IAU 399,618,000 AND SPECIAL PROGRAM BY IAU 382,280. THIS WOULD INCREASE ALL
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NATIONAL SHARES (IN PERCENTAGE) EXCEPT THAT OF TURKEY WHICH WOULD DECREASE. IT ALSO INCREASES "EFFECTIVE" US SHARES OF TOTAL AND NORMAL PROGRAMS FROM 20PERCENT TO 20.115PERCENT AND FROM 21.56PERCENT TO 21.66 PERCENT RESPECTIVELY.

- D. US AGREE TO AUGMENT CONTRIBUTION BY AMOUNT OF TURKISH SHORTFALL IN RETURN FOR EQUAL INCREASE IN SPECIAL PROGRAM. THIS WOULD RESULT IN INCREASING ACTUAL US SHARE OF TOTAL PROGRAM TO 27.325PERCENT BUT WOULD MAINTAIN "EFFECTIVE" SHARES OF NORMAL AND TOTAL PROGRAMS AT 21.56PERCENT AND 20,PERCENT RESPECTIVELY. THESE EFFECTIVE PERCENTAGES ARE THOSE ON WHICH CONGRESS HAS BEEN PARTICULARLY INSISTENT.

6. MISSION BELIEVES SOLUTION 5A TO BE THE OPTIMUM, BUT RECOGNIZES NEED FOR MAJOR POLITICAL ARM-TWISTING WITH THE TURKS AT MINISTERIAL LEVEL WHICH MAY ONLY BE FEASIBLE IF SENATE ACTS FAVORABLY ON SCOTT-MANSFIELD BILL (REF E). SOLUTION 5B APPEARS INFEASIBLE BECAUSE MOST ALLIES BELIEVE THAT THEY HAVE DONE THEIR SHARE. SOLUTIONS C AND D BOTH INVOLVE INCREASING THE US SHARE marginally IN SOME ASPECT OF THE PROGRAM. IF THEY REQUIRED ADDITIONAL REPORTING TO COGRESS, MISSION WOULD OPPOSE THEM FOR REASONS CITED IN PARA 4, ABOVE. WE BELIEVE, HOSEVER, THAT SOLUTION 5D DOES NOT TRULY REPRESENT A MODIFICATION IN US

COST/BENEFITS SINCE THE ENTIRE INCREASE IN THE US CONTRIBUTION WOULD BE RETURNED TO THE US AND THE "EFFECTIVE SHARE" WOULD REMAIN AT 21.56PERCENT.

7. IF US (AND ALLIES) FOUND SOLUTION 5D ACCEPTABLE IT SHOULD BE PLAINLY LABELLED AS A TEMPORARY EXPEDIENT PENDING RESOLUTION OF THE TURKISH PROBLEM, WITH ULTIMATE RETURN TO OPTION 4 OF REF D. AS MISSION VIEWS SCENARIO, SECDEF FIRST WOULD JOIN OTHER ALLIES IN RESTRICTED SESSION OF MINISTERS IN PRESSURING TURKS TO AGREE TO OPTION 4 AND THUS CONTRIBUTE THEIR SHARE OF IAU 382,000 TO THE US SPECIAL PROGRAM. FORCE OF THIS EFFORT WOULD DEPEND TO SOME EXTENT ON FATE OF S-846 (REF E). IF TURKS REMAINED ADAMANT, SYG WOULD THEN TURN TO US AS LAST HOPE AND PROVIDE OPENING FOR SECDEF STATEMENT WHICH MISSION SUGGESTS MIGHT INCLUDE FOLLOWING POINTS:

--REGRET THAT ALLIANCE APPARENTLY UNABLE TO SWALLOW THIS GNAT WHEN IT IS FACED WITH DRAGONS.

--US HAS ALREADY AGREED TO PAY 1 1/2PERCENT MORE THAN ITS TARGET OF 20PERCENT FOR THE 1975-79 PROGRAM. MOST RELUCTANT TO CONFIDENTIAL

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PUT US ADMINISTRATION IN POSITION OF DRIFTING STILL FURTHER FROM THAT TARGET.

-- HOWEVER, US IS EQUALLY RELUCTANT TO ALLOW THIS FAILURE IN THE INFRASTRUCTURE PROGRAM TO SET TONE FOR OTHER LARGER AND MORE COMPLEX ALLIANCE EFFORTS.

-- CAN AGREE ON STRICTLY TEMPORARY BASIS TO PICK UP TURK SHARE OF IAU 382,000, WITH OFFSETTING INCREASE IN US SPECIAL PROGRAM. AT SUCH TIME AS TURK PROBLEM IS RESOLVED EXPECT FULL RETURN TO OPTION 4 OF DPC/D(74)27. EFFECTIVE US SHARE IS TO REMAIN UNCHANGED.

-- MUST IMPOSE ONE SIMPLE CONDITION. SPECIAL PROGRAM IS NUB OF PROBLEM AND MUST BE RESOLVED. WE HAVE DONE OUR PART BY AGREEING TO INCREASE FROM OUR TARGET SHARE OF 20PERCENT AND MUST INSIST THAT PROJECT LIST AND TERMS OF AGREEMENT NOW BEING REPORTED TO INFRASTRUCTURE COMMITTEE BE AGREED WITHOUT FURTHER DELAY.

8. IF, IN SPITE OF URGENT NEED TO RESOLVE PRESENT IMPASSE, WASHINGTON IS FORCED TO CONCLUDE THAT IT CANNOT ACCEPT A SOLUTION ALONG LINES OF PARA 5D ABOVE, AND TURKS MAINTAIN THEIR POSITION, MISSION STRONGLY RECOMMENDS THAT SECDEF TAKE LOW-KEY APPROACH WHICH WILL AVOID CONFRONTATION IN THIS MINISTERIAL AND LEAVE WAY OPEN FOR POSSIBLE LATER RESOLUTION BY DPC IN PERMANENT SESSION. OTHERWISE, MISSION FEARS THAT TURKS WILL BE DRIVEN TO TAKE EVEN HARDER LINE FROM WHICH THEY WILL HAVE DIFFICULTY RETREATING. BRUCE

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